

Mid-Coast Corridor Transit Project
San Diego, California
New Starts Engineering
(Rating Assigned November 2015)

| Summary Description | |
|---|---|
| Proposed Project: | Light Rail Transit 10.9 Miles, 9 Stations |
| Total Capital Cost (\$YOE): | \$2,171.20 Million (Includes \$357.40 million in finance charges) |
| Section 5309 New Starts Share (\$YOE): | \$1,043.38 Million (48.1%) |
| Annual Operating Cost (opening year 2021): | \$17.01 Million |
| Current Year Ridership Forecast (2015): | 24,600 Daily Linked Trips 8,225,600 Annual Linked Trips |
| Horizon Year Ridership Forecast (2035): | 31,900 Daily Linked Trips 10,662,900 Annual Linked Trips |
| Overall Project Rating: | Medium-High |
| Project Justification Rating: | Medium-High |
| Local Financial Commitment Rating: | Medium-High |

Project Description: The San Diego Association of Governments (SANDAG) is planning the Mid-Coast Corridor, which would originate at the Old Town Transit Center, serve the areas north of downtown San Diego including the University of California at San Diego, and terminate at the University Towne Centre Transit Center. The project includes four at-grade and five-elevated stations, along with three park-and-ride facilities, two shared parking lots with 1,180 spaces, two transfer centers, and 36 light rail vehicles. Service is planned to operate every 15 minutes during peak and off-peak periods in the opening year and every 7.5 minutes during peak and off-peak periods in the horizon year.

Project Purpose: The project will extend the existing Blue Line light rail to University Center, which includes the University of San Diego, San Diego Mesa Community College, and the University of California at San Diego. The project will improve access to University Center, Balboa, the Veteran's Administration Medical Center, north San Diego, and to all areas served by the existing light rail system. There is strong demand for transit in the corridor due to the highly developed, dense concentration of residential and institutional land uses. However, existing bus service is constrained by traffic on existing roads. There are geographic constraints that restrict the number of north-south roads, including several deep canyons and Mission Bay Park, resulting in few continuous north-south roadways and transit routes between University Center and downtown San Diego. By providing a dedicated guideway, the project will reduce the number of transfers required and improve transit travel times by ten minutes from the University Towne Centre Transit Center to downtown San Diego.

Project Development History, Status and Next Steps: The Mid-Coast Corridor was first identified in 1987 in Proposition A, the referendum for the TransNet half-cent sales tax that was approved by county voters. In April 1990, a combined Notice of Intent and Scoping Notice for preparation of an Alternatives Analysis/Draft Environmental Impact Statement (EIS) was published. The project was originally proposed for construction in two phases: Phase I from the

Old Town Transit Center to Balboa Avenue and Phase 2 from Balboa Avenue to University Towne Centre Transit Center. The second phase was postponed due to local funding issues. The Draft EIS was published in February 1995. The Final EIS was completed for the first phase in June 2001, and a Record of Decision (ROD) issued for the first phase in August 2001. In 2003, local decision makers chose to postpone further planning for the Mid-Coast Corridor so that other projects, including Mission Valley East, could be given priority for funding. After the Mission Valley East project was completed, SANDAG decided to rejoin the two Mid-Coast Corridor project phases in April 2005.

During 2009 and 2010, SANDAG updated the earlier studies in the Comparative Evaluation of Alternatives Report. SANDAG conducted scoping under the California Environmental Quality Act (CEQA). A Notice of Intent to prepare a Supplemental EIS was published in April 2010. Following the conclusion of the CEQA scoping process, SANDAG's Board reconfirmed an extension of the light rail system between the Old Town Transit Center and the University Towne Centre Transit Center as the locally preferred alternative in July 2010. The project was adopted into the fiscally constrained long range transportation plan in October 2010.

Under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), FTA approved the project into New Starts Preliminary Engineering in August 2011. Under the Moving Ahead for Progress in the 21st Century Act (MAP-21), the Project was considered to be in the New Starts Project Development phase since it had not yet completed the environmental review process as of the date MAP-21 took effect. The Draft Supplemental EIS was issued in May 2013. FTA issued a Final Supplemental EIS and ROD in October 2014. FTA approved the project into New Starts Engineering in April 2015. SANDAG anticipates receipt of a Full Funding Grant Agreement in Summer 2016, and the start of revenue service in September 2021.

Significant Changes Since Last Evaluation (November 2014): The project cost increased from \$2,112.11 million to \$2,171.20 million due to additional engineering and design. The anticipated Section 5309 New Starts funding amount remained at \$1,043.38 million, so the share decreased slightly from 49.4 percent to 48.1 percent. SANDAG submitted a formal letter of interest for a \$647.50 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to the U.S. Department of Transportation, which is currently under review. SANDAG can move forward with the Full Funding Grant Agreement prior to when a formal decision may be made on that loan as long as SANDAG can demonstrate the ability to finance the project at current market rates. Thus, the financial plan listed below does not reference the TIFIA loan.

Locally Proposed Financial Plan

| <u>Source of Funds</u> | <u>Total Funds (\$million)</u> | <u>Percent of Total</u> |
|---|--------------------------------|-------------------------|
| Federal: Section 5309 New Starts | \$1,043.38 | 48.1% |
| Local: TransNet Sales Tax Revenues and Bond Proceeds | \$1,127.82 | 51.9% |
| Total: | \$2,171.20 | 100.0% |

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

CA, San Diego, Mid-Coast Corridor Transit Project
(Rating Assigned November 2015)

| Factor | Rating | Comments |
|---|--------------------|--|
| Local Financial Commitment Rating | Medium-High | |
| Non-Section 5309 New Starts Share | +1 level | The New Starts share of the project is 48.1 percent. |
| Project Financial Plan | Medium | |
| Capital and Operating Condition (25% of plan rating) | Medium-High | <ul style="list-style-type: none"> • The average age of the bus fleet is 6.69, which is younger than the industry average. • The most recent bond ratings for the San Diego Association of Governments (SANDAG), issued in July 2014, are as follows: Fitch's AAA and Standard & Poor's Corporation AAA. • Project operator's (Metropolitan Transit System) current ratio of assets to liabilities, as reported in its most recent audited financial statement, is 2.1 (FY2014). • There have been no major service cutbacks and no cash flow shortages in recent years. |
| Commitment of Capital and Operating Funds (25% of plan rating) | High | <ul style="list-style-type: none"> • All of the non-Section 5309 funds are committed or budgeted. Sources of funds include <i>TransNet</i> sales tax revenues and bond proceeds. • All of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted. Sources of funds include FTA Section 5337 State of Good Repair funds; FTA Section 5307 Urbanized Area Formula funds; State operating assistance from the State Transit Assistance fund, MediCal, and the Transportation Development Act; advertising revenues, rental and land management income, and High Occupancy Toll Lane Net Revenues; farebox revenues; interest income; and <i>TransNet</i> sales tax revenues. |
| Capital and Operating Cost Estimates, Assumptions and Financial Capacity (50% of plan rating) | Medium-Low | <ul style="list-style-type: none"> • Capital revenue growth assumptions are in line with historical experience. • The capital cost estimate is reasonable. • SANDAG has the ability to defer other capital needs in order to cover cost increases or funding shortfalls, but the exact amount of capacity cannot be determined based on the |

| | | |
|--|--|--|
| | | <p>information provided.</p> <ul style="list-style-type: none">• Assumed farebox collections are optimistic, and sales tax revenues are optimistic compared to historical experience.• Projected cash balances and reserve accounts are 12 percent of annual systemwide operating expenses. |
|--|--|--|

Mid-Coast Corridor Transit Project
San Diego, California
New Starts Engineering
(Rating Assigned November 2015)

LAND USE RATING: Medium

The land use rating reflects population and employment densities within ½-mile of proposed station areas, as well as the share of legally binding affordability restricted housing in the corridor compared to the share in the surrounding county(ies).

- An estimated 185,000 jobs would be served by the project, which corresponds to a Medium-High rating. Average population density across all proposed station areas is 7,400 persons per square mile, corresponding to a Medium rating. Parking rates in the San Diego central business district average about \$26 per day, corresponding to a High rating.
- The proportion of legally binding affordability restricted housing in the project corridor compared to the proportion in the counties through which the project travels is 0.03, which corresponds to a Low rating.
- The project will connect the University of California at San Diego (UCSD) and University City, a major employment and residential center, with downtown San Diego via the existing Trolley system. The northern part of the corridor, including UCSD and the broader University City area, is characterized by mid- and high-rise residential, office, and institutional development. The three stations in the southern end of the corridor are characterized by lower density industrial and commercial uses surrounded by lower density single family residential and multi-family residential uses. Sidewalks and pedestrian crossings are generally found throughout the station areas, although some areas are bisected by highways or wide arterial streets, and there are pockets of auto-oriented uses such as shopping centers.

ECONOMIC DEVELOPMENT RATING: Medium-High

Transit-Supportive Plans and Policies: Medium-High

- *Growth Management:* The San Diego Association of Governments (SANDAG) and the City of San Diego have worked together to promote smart growth planning and strategies in the region. The Regional Comprehensive Plan, a coordinated plan for regional housing, land use, transportation and sustainability, includes a smart growth concept map targeting areas (including corridor station areas) for high development intensities. The 2050 Regional Transportation Plan and Sustainable Communities Strategy integrate transportation and land use policy to achieve greenhouse gas emission reductions consistent with state requirements.
- *Transit-Supportive Corridor Policies:* The City of San Diego has been planning for transit-oriented development (TOD) and implementing TOD into policy for over two decades. A number of community plans apply to the corridor which conceptually support higher-intensity development with linkage to transit; more specific station area plans for the three southern stations are being completed to identify redevelopment opportunities, zoning changes, and infrastructure improvements to support light rail transit.
- *Supportive Zoning Regulations Near Transit Stations:* San Diego's zoning code includes numerous zones and provisions that allow for and promote mixed-used development within transit corridors, including an Urban Village Overlay Zone that applies to station areas and includes pedestrian friendly design specifications.
- *Tools to Implement Land Use Policies:* Outreach efforts in support of smart growth, including infill/redevelopment and TOD, have been undertaken by SANDAG, the City of San Diego, and local professional associations and advocacy groups. Regional sales tax transportation funds include a two-percent set-aside for transportation and related infrastructure improvements that support smart growth development.

Performance and Impacts of Policies: Medium-High

- *Performance of Land Use Policies:* High-intensity development has continued to occur in the UCSD/University City area consistent with long-standing plans for this area. Over time this area is being transformed into a more walkable and transit-accessible area, although wide streets and

remaining surface parking lots interfere with the pedestrian environment in some locations. There are 17 TOD projects at existing Trolley stations that collectively include over 4,800 multi-family residential units, more than 1.6 million square feet of office use, and more than 860,000 square feet of retail.

- *Potential Impact of Transit Investment on Regional Land Use:* Strong growth is expected to continue in the University City area and an additional 2 million square feet of mixed-use development could potentially occur on lower-density retail plazas, in addition to institutional growth. The economic climate in the three southernmost stations is less strong, although station area planning efforts have identified about 220 acres of vacant or underutilized land which could be redeveloped over time.

Tools to Maintain or Increase Share of Affordable Housing: Medium

- The City of San Diego has an array of affordable housing financing and development programs, augmented by regional programs (housing needs assessment) and state financing. Inclusionary zoning requirements and linkage fees are used to finance affordable housing and incentivize private development of affordable housing units. The City has also implemented a variety of code changes to incentivize affordable housing, such as density bonuses, parking reductions, and streamlined permitting. The City's policies and programs place a strong emphasis on long-term affordability.
- Despite the array of city-led programs and projects, there is little affordable housing currently in the corridor. The submission notes that transit access is considered a factor in siting affordable housing, and the study corridor to date has not had good transit access.

Mid-Coast Corridor Transit Project

San Diego, California

